(b) if so, the details of action plan worked out by Government for the purpose; and

(c) the details of beneficial effects of the action plan after its implementation?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) The Central Government has declared its policy intent to introduce Goods and Services Tax (GST) in the country w.e.f. 1st April, 2010. The Empowered Committee of State Finance Ministers (EC) has developed a Model and a Roadmap for introduction of the GST in the country. EC has released First discussion Paper on GST on GST on 10th November, 2009 to obtain feedback from the stakeholders. The design details indicated in this paper are being studied by Centre at present. A Joint Working Group of officers of State and Central Government has been constituted to prepare draft Constitutional amendment bill and draft Central and State legislations for GST.

(c) The GST once implemented is likely to reduce cascading of tax and bring down compliance cost. The removal of cascading effect will make the products more competitive and thus is likely to lead to increased sales. The economy in general is therefore likely to see higher growth than would have been achieved otherwise.

Impact of counterfeit currency on national economy

†2817. SHRI RAJIV PRATAP RUDY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the easy availability of counterfeit currency notes in the market has weakened the Indian Economy in the last few years;

(b) if so, the details thereof;

(c) whether it is a fact that percentage of fake currency notes in circulation in today's market is 28 per cent or more; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) to (d) Reserve Bank of India maintains that the volume of fake currency is negligible, at less than 0.001% (8 notes per million pieces) of the total notes in circulation and, therefore, there is no serious threat to the economy on this account.

Corruption in Agricultural Finance Corporation

†2818. SHRI PRABHAT JHA: Will the Minister of FINANCE be pleased to state:

(a) whether Government is aware that allegations of corruption and irregularity have been levelled against Agricultural Finance Corporation, Mumbai;

(b) if so, the details thereof and the action taken by Government so far in this regard;

†Original notice of the question was received in Hindi.

(c) whether it is a fact that 8 branches in which Bhopal, Ahmedabad and Ranchi are also included, of this public undertaking have been closed due to corruption and irregularities;

(d) if so, the details thereof;

(e) whether Government has enquired about the reasons for closure of the branches; and

(f) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) and (b) No, Sir. The Agricultural Finance Corporation Limited (AFCL), Mumbai is an autonomous body and the Board of AFCL is empowered to take its own decision within the framework of Companies Act, 1956. Government of India is not holding any share capital in AFCL.

(c) and (d) AFCL has reported that the company is passing through the process of restructuring, hence the loss making branches have been closed.

(e) and (f) Government have not enquired about reasons for closure of branches in view of (a) and (b) above.

Loans granted by MFIs

2819. SHRI SITARAM YECHURY: Will the Minister of FINANCE be pleased to state:

(a) whether Government is considering any proposals to seek collateral security to provide loans to Micro Finance Institutions (MFIs);

(b) whether there is any proposals from the Indian Banks' Association (IBA) in the background of latest financial crisis;

(c) if so, the details thereof;

(d) whether it is against the spirit of MFI system;

(e) whether Government is considering to fix a ceiling on the interest that can be charged by MFIs from the clients; and

(f) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) Capital Support to Micro Finance Institutions provided by National Bank for Agriculture and Rural Development (NABARD) is secured by a Demand promissory Note to be executed by the Agency in favour of NABARD. For Revolving Fund Assistance (RFA) to MFIs, NABARD insists on, the Agency is also required to execute an Agreement with NABARD, wherein the RFA is secured in the prescribed form and in the manner required by NABARD by assigning its book debts in favour of NABARD and agreeing to hypothecate its moveable assets to the extent of shortfall in RFA not covered by book debts to NABARD.

(b) IBA has reported that it has not prepared any proposal in this regard.